



Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken



Semi-annual report as at March 31st, 2017

UniEM Osteuropa

Management Company:
Union Investment Luxembourg S.A.

In case of discrepancy between the English and German version, the German version shall prevail.

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Preface

Union Investment – devoted to your interests

With managed assets of roughly EUR 293 billion the Union Investment Group is one of the largest German fund management companies for private and institutional investors. It is a fund management expert within the cooperative finance association. About 4.2 million private and institutional investors have placed their trust in us as their partner for fund-based investments.

Today, the idea behind the foundation of the group in 1956 is more topical than ever: private investors should have the opportunity to benefit from economic developments – even with only small monthly savings contributions. The interests of these investors have always been our main concern and, together with our approximately 2,900 employees, we are committed to looking after them. About 1,260 public-investment and specialist funds offer private and institutional investors solutions tailored to their individual requirements. These include share, bond and money-market funds, and open-end real estate funds as well as intelligent solutions for asset accumulation, risk management and private and corporate pension schemes.

Partner cooperation with advisers from the Volksbanken and Raiffeisen banks forms the basis of Union Investment's strong investor orientation. In approximately 11,800 branches our employees are able to provide personalised advice on all investment matters.

Our awards for individual funds – and our solid performance in industry ratings – provide the best evidence of the quality of our fund management. For instance, at the 2017 FERI EuroRating Awards Union Investment won the award for best asset manager in the "Socially Responsible Investing" category for the third year in a row. In addition, in January 2017 at the Euro Fund Awards 2017 sponsored by publishers Finanzen Verlag we again won "2017 Fund Management Company of the Year" at the "Golden Bull" awards. Many of our funds came away from this event with awards. Moreover, industry magazine Capital once again awarded Union Investment five stars in February 2017. This makes us the only fund management company to have received this prestigious award every year since it was first awarded in 2003. What's more, in December 2016 at the Scope Awards 2017 the Scope Group gave us the "Best Asset Manager Retail Real Estate European" award in the open-end real estate funds category.

Dealing with the change in the markets

Over the last six months developments in the international capital markets have been shaped by several important events. Central banks have also continued to act in a supportive role. The trend in equity markets was initially sideways because positive and negative announcements were evenly balanced. The most important milestone was the Donald Trump's victory in the US presidential election on 9th November – a result that surprised most people. This caused a significant rise in share prices, above all in the USA, while international bond markets came under considerable pressure due to expectations of increased inflation. In the USA the subject that dominated the market for some time was the question of whether and/or when the US Federal Reserve would take the first step towards increasing interest rates since the end of 2015. In Europe the picture was very different: the European Central Bank (ECB) bolstered the markets with its wide-ranging bond purchasing programme, which also included corporate bonds from June onwards. In December 2016 the Fed increased the US base rate as had been expected, while the European Central Bank announced an extension of its bond purchasing programme. Following Trump's inauguration it soon became apparent that expectations regarding his zeal for economic reform and his ability to implement his political agenda were too high. Nevertheless, positive announcements by companies and good overall economic data ensured that stock exchanges were able to continue their upward trend in the first quarter of 2017. Another important issue was the elections in Europe. Following the victory of mainstream parties in the Netherlands the spotlight moved to the presidential election in France. Fears of a victory for Marine Le Pen caused a noticeable increase in risk premiums for French government bonds, whereas German bunds were in demand as a safe haven. Elsewhere, Italian bond prices also suffered price falls due to the political turmoil.

Bond markets hit by deflation fears

Good economic data and higher inflation expectations due to a rising oil price led to higher returns on the US bond market right from the start of the reporting period. Donald Trump's surprising victory in the presidential election gave this trend additional impetus. Although he avoided setting out a definite manifesto, he did repeatedly say that he was in favour of an economic stimulus plan. Hopes of a fiscal stimulus and associated expectations that additional US government bonds would be issued to finance it led to falls in prices. Prices started to recover slightly mid-December. New issues placed at the start of the year sold very well, above all in other countries. In his first days as president Donald Trump acted in a very unconstrained manner.

Initially his words were followed by more action than had been expected, which also increased the likelihood of an economic stimulus. Due to action by the Fed, the associated rise in bond yields picked up speed again from the middle of January. The Fed was preparing for an unexpected interest rate increase; it finally raised the base rate in March 2017. The second increase within three months gave many market participants the impression that the Fed would pursue a much tighter monetary policy from now on. However, a maximum of two further interest rate changes are expected over the rest of the year, and this has led to bond prices increasing again. A more sober view of the new US government's policies also soon took hold. The culmination of this process came at the end of March 2017 when Congress voted down the US health reform package. In index terms (JP Morgan Global Bond US Index), this resulted in a loss of 3.4% for US Treasuries over the reporting period.

In Europe speculation about a possible reduction in bond purchases by the European Central Bank (tapering) initially depressed prices. This was exacerbated by the fact that it was difficult for the securities to break free of the negative signals coming from the USA. In November bonds in other countries also came under pressure ahead of the Italian referendum on reform of the Senate. Investors were primarily concerned about the prospect of fresh elections if the reform plans were not backed, which could give a further boost to strongly Eurosceptic parties. On top of all this, there was protracted uncertainty regarding the fate of the stricken Monte dei Paschi bank. However, a change in trend started in Europe too from December 2016 onwards. The ECB extended the bond purchase programme, which finally put an end to the tapering debate. Good economic data, an initial pick-up in inflation rates, the elections in the Netherlands and France, and not least the British government's formal application to leave the European Union then exerted an adverse effect on European government bonds in the second half of the reporting period. This meant that European government bonds fell by 4.5% as measured by the iBoxx Euro Sovereign Index.

There was also a slight fall in the market for European corporate bonds. However, the European Central Bank's bond purchase programme repeatedly had a supportive effect, and the decline in values was consequently limited to one percent as measured by the BofA Merrill Lynch Euro Corporate Index.

Securities from emerging economies were initially hit particularly badly by the interest rate increases in the USA and the resulting strength of the US dollar. However, in the second half of the reporting period almost all the lost ground was recovered due a noticeable pick-up in global trade. At index level (JPMorgan EMBI Global Diversified Index), the final outcome was a fall of just 0.3%.

Political events affect share markets

Over the last six months there have been significant price increases in global equity markets. The uncertainty surrounding the Fed's monetary policy, changes in oil prices and the US presidential election were the main factors influencing the markets. In the new year the focus then switched to the elections in Europe. The MSCI World Index was able to add 9.5% in local currency terms.

In the Eurozone, the EURO STOXX 50 rose on balance by 16.6%. The benchmark German DAX rose by 17.1%. In October attention again focused on European monetary policy. Fears surfaced that the European Central Bank might soon begin a gradual scaling back of its bond purchases (tapering). However in December the central bankers made it clear that they were (still) not considering this. They extended the bond purchase programme until the end of 2017, although at a reduced level. At the end of the year, euro equity markets rallied in the aftermath of the US presidential election and the Senate reform referendum in Italy. At the start of 2017 the markets suffered due to the increasing political and economic uncertainties in the Eurozone where several important elections were due to be held, and due to the strain the Italian banks were under. Thanks to strong economic data and an increasing probability that one of the mainstream parties would win the French presidential elections, prices started to rise again in February.

In the USA stock markets were initially on a downward trend. The question of a possible interest rate increase by the Fed again came to the fore. Then, in November and December, Donald Trump's surprising victory in the presidential election triggered huge price surges. The background to this was increased hopes of a government economic stimulus programme and tax cuts. However, after taking office Trump repeatedly caused uncertainty with his travel ban decrees and the announcement of punitive import tariffs. Nevertheless, overall sentiment was positive, partly due to good figures coming in for the corporate sector and the economy as a whole. Overall, the market-wide S&P 500 Index rose by 9.0% over the reporting period. The Dow Jones Industrial Average Index simultaneously climbed 12.9%.

In Japan, the Nikkei 225 Index rose by 15.0%. The equities market posted considerable price gains from October onwards as a result of a lower yen exchange rate. There was strong upswing, particularly after the US presidential elections. Then in the first quarter of 2017 the Nikkei Index flat-lined, not least due to a stronger yen exchange rate.

Stock markets in emerging countries initially performed well against the backdrop of the continued relaxed US interest-rate policy and increasing commodity prices. From November onwards they initially came under pressure following the US elections. The strong US dollar combined with the interest rate rise in the USA and the prospect of trade restrictions being imposed by Trump hit prices noticeably. However, in the first quarter of 2017 prices picked up sharply again. Trump had not so far followed through on any of his threats to the emerging economies. The MSCI Emerging Markets Index gained 5.5% overall in local currency terms.

Important information:

Unless otherwise specified, the data source for the financial indices is Datastream. All unit performance data on the following pages is taken from Union Investment's own calculations in accordance with the method applied by the German Investment Funds Association (BVI), unless otherwise specified. The ratios illustrate past performance. Future results may be either higher or lower.

The performance of all the indices referred to in the preface always relates to local currency.

Detailed information on the Management Company and the Depositary of the investment fund (the "Fund") can be found on the last pages of this report.

Performance in percent ¹⁾

| 6 months | 1 year | 3 years | 10 years |
|----------|--------|---------|----------|
| 16.85 | 21.14 | 2.97 | -32.49 |

1) Based on published unit values (BVI method).

Breakdown by country ¹⁾

| | |
|---------------------------------------|-----------------|
| Russia | 44.29 % |
| Saudi Arabia | 11.50 % |
| Turkey | 8.79 % |
| Poland | 8.27 % |
| United Arab Emirates | 7.96 % |
| Qatar | 6.26 % |
| Greece | 3.03 % |
| Czech Republic | 2.73 % |
| Kuwait | 1.97 % |
| Luxembourg | 1.48 % |
| Jersey | 0.93 % |
| Hungary | 0.51 % |
| Israel | 0.43 % |
| Oman | 0.35 % |
| Virgin Islands (GB) | 0.01 % |
| Portfolio assets | 98.51 % |
| Bank deposits | 1.58 % |
| Other assets/Other liabilities | -0.09 % |
| Fund assets | 100.00 % |

1) Due to rounding differences in each position, the sum may deviate from the actual value.

Composition of the fund's assets

as at March 31st, 2017

| | EUR |
|--|-----------------------|
| Portfolio assets (Cost of securities: EUR 113,942,350.94) | 123,349,371.30 |
| Bank deposits | 1,976,748.63 |
| Interest receivable on securities | 299.51 |
| Dividends receivable | 402,917.58 |
| Receivable on sale of units | 28,692.24 |
| | 125,758,029.26 |
| Liabilities on repurchase of units | -38,337.60 |
| Interest liabilities | -4,337.82 |
| Other liabilities | -520,002.85 |
| | -562,678.27 |
| Fund assets | 125,195,350.99 |
| Units in circulation | 65,937.000 |
| Unit value | 1,898.71 EUR |

Breakdown by sector ¹⁾

| | |
|--|-----------------|
| Banks | 27.14 % |
| Energy | 24.81 % |
| Raw materials and supplies | 11.41 % |
| Diversified Financials | 6.77 % |
| Transportation | 3.36 % |
| Real Estate | 3.01 % |
| Capital Goods | 2.92 % |
| Food & Staples Retailing | 2.82 % |
| Utilities | 2.65 % |
| Retailing | 2.26 % |
| Technology Hardware & Equipment | 1.88 % |
| Insurance | 1.64 % |
| Pharmaceuticals, Biotechnology & Life Sciences | 1.59 % |
| Consumer Durables & Apparel | 1.54 % |
| Investment fund units | 1.48 % |
| Food, Beverage & Tobacco | 1.23 % |
| Telecommunication Services | 0.99 % |
| Consumer Services | 0.36 % |
| Automobiles & Components | 0.35 % |
| Commercial & Professional Services | 0.30 % |
| Portfolio assets | 98.51 % |
| Bank deposits | 1.58 % |
| Other assets/Other liabilities | -0.09 % |
| Fund assets | 100.00 % |

1) Due to rounding differences in each position, the sum may deviate from the actual value.

Schedule of assets

Prices as at March 31st, 2017

| ISIN | Securities | | Additions | Disposals | Volume | Price | Market Value | Per cent of fund assets % ¹⁾ |
|---|--|-----|-----------|-----------|-----------|--------------|----------------------|---|
| | | | | | | | EUR | |
| Equities, rights on equities and profit-participation certificates | | | | | | | | |
| Stock-exchange-traded securities | | | | | | | | |
| Czech Republic | | | | | | | | |
| CZ0005112300 | Ceske Energetické Zavodí AS | CZK | 0 | 0 | 100,000 | 436.0000 | 1,614,336.49 | 1.29 |
| CZ0008019106 | Komerční Banka AS | CZK | 0 | 0 | 51,865 | 940.0000 | 1,805,135.52 | 1.44 |
| | | | | | | | 3,419,472.01 | 2.73 |
| Greece | | | | | | | | |
| GRS294003009 | Folli Follie S.A. | EUR | 40,000 | 0 | 50,000 | 17.9500 | 897,500.00 | 0.72 |
| GRS395363005 | Hellenic Exchanges - Athens Stock Exchange S.A. | EUR | 0 | 0 | 110,000 | 4.6200 | 508,200.00 | 0.41 |
| GRS260333000 | Hellenic Telecommunications Organization S.A. | EUR | 0 | 0 | 80,000 | 8.8000 | 704,000.00 | 0.56 |
| GRS282183003 | Jumbo S.A. | EUR | 30,000 | 60,000 | 30,000 | 14.7800 | 443,400.00 | 0.35 |
| GRS426003000 | Motor Oil (Hellas) Corinth Refineries S.A. | EUR | 50,000 | 0 | 50,000 | 16.0000 | 800,000.00 | 0.64 |
| GRS419003009 | Opap S.A. | EUR | 0 | 0 | 50,000 | 8.7400 | 437,000.00 | 0.35 |
| | | | | | | | 3,790,100.00 | 3.03 |
| Hungary | | | | | | | | |
| HU0000123096 | Richter Gedeon Vegye.Gyár Nyrt | HUF | 0 | 0 | 30,000 | 6,570.0000 | 638,546.02 | 0.51 |
| | | | | | | | 638,546.02 | 0.51 |
| Israel | | | | | | | | |
| IL0002300114 | Bezeq Israeli Telecommunication Corporation Ltd. | ILS | 0 | 0 | 320,000 | 6.5100 | 536,699.73 | 0.43 |
| | | | | | | | 536,699.73 | 0.43 |
| Jersey | | | | | | | | |
| JE00B6T55470 | Polymetal International Plc. | GBP | 100,000 | 0 | 100,000 | 9.9150 | 1,159,649.12 | 0.93 |
| | | | | | | | 1,159,649.12 | 0.93 |
| Kuwait | | | | | | | | |
| KW0EQ0100010 | National Bank of Kuwait S.A.K. | KWD | 23,387 | 1 | 491,123 | 0.6600 | 995,519.59 | 0.80 |
| | | | | | | | 995,519.59 | 0.80 |
| Oman | | | | | | | | |
| OM0000002796 | Bank Muscat SAOG | OMR | 21,001 | 0 | 441,022 | 0.3840 | 411,749.21 | 0.33 |
| | | | | | | | 411,749.21 | 0.33 |
| Poland | | | | | | | | |
| PLALIOR00045 | Alior Bank S.A. | PLN | 0 | 0 | 50,000 | 71.4800 | 843,620.91 | 0.67 |
| PLPEKA000016 | Bank Polska Kasa Opieki S.A. | PLN | 0 | 24,000 | 60,000 | 132.1000 | 1,870,883.98 | 1.49 |
| PLBZ00000044 | Bank Zachodni WBK S.A. | PLN | 10,000 | 0 | 10,000 | 342.5000 | 808,450.37 | 0.65 |
| PLKGHM000017 | KGHM Polska Miedz S.A. | PLN | 0 | 10,000 | 40,000 | 115.8000 | 1,093,355.36 | 0.87 |
| PLLPP0000011 | LPP S.A. | PLN | 0 | 150 | 300 | 6,794.8500 | 481,164.88 | 0.38 |
| PLPKN0000018 | Polski Koncern Naftowy Orlen S.A. | PLN | 0 | 0 | 65,000 | 100.0000 | 1,534,285.38 | 1.23 |
| PLPKO0000016 | Powszechna Kasa Oszczedności Bank Polski S.A. | PLN | 0 | 0 | 160,000 | 32.0600 | 1,210,810.81 | 0.97 |
| PLPZU0000011 | Powszechny Zakład Ubezpieczeń S.A. | PLN | 4,000 | 54,000 | 250,000 | 34.8000 | 2,053,581.97 | 1.64 |
| PLKETY000011 | Zakłady Metalu Lekkich Kuty S.A. | PLN | 5,000 | 0 | 5,000 | 395.9500 | 467,307.92 | 0.37 |
| | | | | | | | 10,363,461.58 | 8.27 |
| Qatar | | | | | | | | |
| QA0006929770 | Doha Bank | QAR | 30,000 | 0 | 90,000 | 31.4000 | 725,806.45 | 0.58 |
| QA000AOKD6K3 | Industries Qatar | QAR | 0 | 0 | 73,000 | 110.3000 | 2,067,983.36 | 1.65 |
| QA0006929812 | Qatar Electricity & Water Co. | QAR | 0 | 0 | 30,200 | 220.0000 | 1,706,389.97 | 1.36 |
| QA0006929895 | Qatar National Bank | QAR | 17,052 | 0 | 88,572 | 146.1000 | 3,323,497.33 | 2.65 |
| | | | | | | | 7,823,677.11 | 6.24 |
| Russia | | | | | | | | |
| RU0009091573 | AK Transneft OAO-VZ- | RUB | 0 | 0 | 350 | 173,200.0000 | 1,006,286.38 | 0.80 |
| RU0007252813 | Aksionernaya Komp.'ALROSA'PAO | RUB | 0 | 0 | 2,632,765 | 91.0100 | 3,977,469.62 | 3.18 |
| RU000A0JSQ90 | Detskiy Mir PJSC | RUB | 1,023,000 | 0 | 1,023,000 | 88.0000 | 1,494,390.06 | 1.19 |
| RU0007661625 | Gazprom PJSC | RUB | 2,500,000 | 500,000 | 2,000,000 | 127.9000 | 4,246,256.31 | 3.39 |
| RU0009024277 | Lukoil PJSC | RUB | 25,000 | 0 | 45,000 | 2,981.0000 | 2,226,794.57 | 1.78 |
| US69343P1057 | Lukoil PJSC ADR | USD | 0 | 5,000 | 132,000 | 52.9600 | 6,537,048.78 | 5.22 |

The notes on the report form an integral part of this report.

| ISIN | Securities | | Additions | Disposals | Volume | Price | Market Value | Per cent of fund assets % ¹⁾ |
|---|---------------------------------------|-----|-----------|-----------|-----------|------------|-----------------------|---|
| | | | | | | | EUR | |
| RU000A0JKQU8 | Magnit PJSC | RUB | 0 | 20,000 | 23,000 | 9,261.0000 | 3,535,830.07 | 2.82 |
| RU0007775219 | Mobile Telesystems PJSC | RUB | 30,000 | 0 | 440,000 | 272.6000 | 1,991,059.29 | 1.59 |
| RU000A0JR4A1 | Moscow Exchange MICEX-RTS PAO | RUB | 200,000 | 0 | 1,000,000 | 111.5100 | 1,851,055.67 | 1.48 |
| US6698881090 | Novatek GDR | USD | 0 | 0 | 33,000 | 124.5000 | 3,841,873.95 | 3.07 |
| US67011E2046 | Novolipetsk Steel GDR | USD | 50,000 | 0 | 50,000 | 19.9000 | 930,428.28 | 0.74 |
| RU0007288411 | PJSC MMC Norilsk Nickel | RUB | 0 | 0 | 7,000 | 8,929.0000 | 1,037,544.01 | 0.83 |
| US55315J1025 | PJSC MMC Norilsk Nickel ADR | USD | 0 | 0 | 150,000 | 15.7200 | 2,204,974.75 | 1.76 |
| RU0009029540 | Sberbank of Russia | RUB | 0 | 100,000 | 3,700,000 | 159.8000 | 9,814,861.23 | 7.84 |
| RU000A0HL5M1 | Sinerjiya, Moscow | RUB | 0 | 0 | 48,000 | 588.0000 | 468,515.79 | 0.37 |
| RU000A0DQZE3 | Sistema PJSC | RUB | 3,000,000 | 2,000,000 | 1,000,000 | 22.2300 | 369,015.94 | 0.29 |
| RU0009029524 | Surgutneftegaz -VZ- | RUB | 0 | 0 | 2,300,000 | 32.1900 | 1,229,007.34 | 0.98 |
| RU0009033591 | Tatneft PJSC | RUB | 0 | 0 | 300,000 | 347.6500 | 1,731,287.34 | 1.38 |
| RU0006944147 | Tatneft PJSC -VZ- | RUB | 0 | 0 | 810,000 | 204.2000 | 2,745,657.88 | 2.19 |
| | | | | | | | 51,239,357.26 | 40.90 |
| Turkey | | | | | | | | |
| TRAAKBNK91N6 | AkBank T.A.S. | TRY | 0 | 0 | 691,000 | 8.5300 | 1,513,708.62 | 1.21 |
| TRAARCLK91H5 | Arcelik AS | TRY | 250,000 | 0 | 250,000 | 22.6600 | 1,454,839.62 | 1.16 |
| TRECOLA00011 | Coca Cola Icecek A.S. | TRY | 0 | 0 | 65,000 | 35.6400 | 594,930.53 | 0.48 |
| TRAEREGL91G3 | Eregli Demir Ve Celik Fabrik TAS | TRY | 200,000 | 0 | 600,000 | 5.9000 | 909,114.26 | 0.73 |
| TRAKCHOL91Q8 | Koc Holding AS | TRY | 80,000 | 80,000 | 240,000 | 15.3500 | 946,095.17 | 0.76 |
| TRETAVH00018 | Tav Havalimanlari Holdings AS | TRY | 0 | 0 | 120,000 | 14.4900 | 446,544.60 | 0.36 |
| TRATUPRS91E8 | Tupras-Turkiye Petrol Rafinerileri AS | TRY | 50,000 | 10,000 | 40,000 | 90.2000 | 926,577.47 | 0.74 |
| TRATHYAO91M5 | Turk Hava Yollari AS | TRY | 0 | 0 | 300,000 | 5.4700 | 421,428.39 | 0.34 |
| TRASISEW91Q3 | Turk Sise ve Cam Fabrikalari AS | TRY | 600,000 | 0 | 600,000 | 4.1700 | 642,543.47 | 0.51 |
| TRAGARAN91N1 | Turkiye Garanti Bankasi AS | TRY | 300,000 | 0 | 900,000 | 8.8600 | 2,047,818.38 | 1.64 |
| TRATSKBW91N0 | Turkiye Sinai Kalkinma Bankasi AS | TRY | 0 | 0 | 1,698,570 | 1.3800 | 601,974.01 | 0.48 |
| TREULKR00015 | Ulker Bisküvi Sanayi AS | TRY | 30,000 | 0 | 100,000 | 18.4600 | 474,074.84 | 0.38 |
| | | | | | | | 10,979,649.36 | 8.79 |
| United Arab Emirates | | | | | | | | |
| AEA003001012 | Air Arabia | AED | 500,000 | 0 | 2,000,000 | 1.0600 | 539,783.58 | 0.43 |
| AEA002001013 | ALDAR Properties PJSC | AED | 0 | 0 | 1,200,000 | 2.2600 | 690,515.60 | 0.55 |
| AEA002301017 | Aramex Co. | AED | 0 | 0 | 777,000 | 4.9500 | 979,287.08 | 0.78 |
| AEDFXA0M6V00 | DP World Ltd. | USD | 15,000 | 0 | 90,000 | 21.5000 | 1,809,425.85 | 1.45 |
| AEE000301011 | Emaar Properties PJSC | AED | 0 | 0 | 1,659,800 | 7.3000 | 3,085,051.56 | 2.46 |
| AEF000201010 | First Gulf Bank | AED | 77,000 | 0 | 700,000 | 12.9000 | 2,299,172.50 | 1.84 |
| AEU000401015 | Union National Bank PJSC | AED | 0 | 0 | 500,000 | 4.3800 | 557,606.62 | 0.45 |
| | | | | | | | 9,960,842.79 | 7.96 |
| Stock-exchange-traded securities | | | | | | | 101,318,723.78 | 80.92 |
| Securities listed or included on organised markets | | | | | | | | |
| Russia | | | | | | | | |
| US8688611057 | Surgutneftegaz ADR -VZ- | USD | 0 | 0 | 620,000 | 5.6000 | 3,246,680.38 | 2.59 |
| | | | | | | | 3,246,680.38 | 2.59 |
| Securities listed or included on organised markets | | | | | | | 3,246,680.38 | 2.59 |
| Unquoted securities | | | | | | | | |
| Kuwait | | | | | | | | |
| N/A | Gulf National Holding Company | KWD | 0 | 0 | 119,645 | 0.0450 | 16,535.72 | 0.01 |
| | | | | | | | 16,535.72 | 0.01 |
| Qatar | | | | | | | | |
| QA000EQGGFQ9 | Doha Bank BZR 09.05.17 | QAR | 18,000 | 0 | 18,000 | 6.4000 | 29,587.01 | 0.02 |
| | | | | | | | 29,587.01 | 0.02 |
| Russia | | | | | | | | |
| US36829G1076 | Gazprom Neft ADR | USD | 0 | 0 | 60,000 | 17.9500 | 1,007,106.79 | 0.80 |
| | | | | | | | 1,007,106.79 | 0.80 |
| Virgin Islands (GB) | | | | | | | | |
| VGG825261073 | Soil Biogenics Ltd. | USD | 0 | 0 | 1,000,000 | 0.0080 | 7,480.83 | 0.01 |
| | | | | | | | 7,480.83 | 0.01 |
| Unquoted securities | | | | | | | 1,060,710.35 | 0.84 |
| Equities, rights on equities and profit-participation certificates | | | | | | | 105,626,114.51 | 84.35 |

The notes on the report form an integral part of this report.

| ISIN | Securities | Additions | Disposals | Volume | Price | Market Value | Per cent of fund assets % ¹⁾ |
|---|--|-----------|-----------|---------|----------|----------------------|---|
| | | | | | | EUR | |
| Bonds | | | | | | | |
| Stock-exchange-traded securities | | | | | | | |
| OMR | | | | | | | |
| OM000005971 | 3.500 % Bank Muscat [SAOG] CV v.15(2018) | 0 | 0 | 76,470 | 0.1030 | 18,850.52 | 0.02 |
| | | | | | | 18,850.52 | 0.02 |
| Stock-exchange-traded securities | | | | | | 18,850.52 | 0.02 |
| Bonds | | | | | | 18,850.52 | 0.02 |
| Warrants | | | | | | | |
| Stock-exchange-traded securities | | | | | | | |
| Saudi Arabia | | | | | | | |
| CWN5647Q6675 | Merrill Lynch International & Co./Almarai Co. Ltd. WTS v. 17(2020) | 39,999 | 0 | 39,999 | 18.8102 | 703,560.68 | 0.56 |
| CWN5647Q7665 | Merrill Lynch International & Co./Samba Financial Group WTS v. 17(2020) | 280,006 | 0 | 280,006 | 5.7225 | 1,498,352.59 | 1.20 |
| CWN5647Q7822 | Merrill Lynch International & Co./Saudi Telecom Co. WTS v. 17(2020) | 94,053 | 0 | 94,053 | 17.8315 | 1,568,270.37 | 1.25 |
| CWN5647Q7749 | Savola Group/Savola Group WTS v.17(2020) | 23,000 | 0 | 23,000 | 10.9944 | 236,460.24 | 0.19 |
| | | | | | | 4,006,643.88 | 3.20 |
| Stock-exchange-traded securities | | | | | | 4,006,643.88 | 3.20 |
| Securities listed or included on organised markets | | | | | | | |
| Kuwait | | | | | | | |
| DE000DB7ECW0 | Dte. Bank AG, London Branch/National Bank of Kuwait S.A.K. WTS v.08(2018) | 0 | 0 | 378,488 | 2.1636 | 765,746.28 | 0.61 |
| DE000DB0SK29 | Dte. Bank AG, London Br./Mabane Co. SAKC WTS v.09(2019) | 0 | 0 | 266,840 | 2.7536 | 687,098.53 | 0.55 |
| | | | | | | 1,452,844.81 | 1.16 |
| Saudi Arabia | | | | | | | |
| DE000DX6QGE9 | Dte. Bank AG (London Branch)/Fawaz Abdulaziz AlHokair Co. WTS v.16(2020) | 0 | 0 | 80,324 | 8.5731 | 643,936.87 | 0.51 |
| DE000DX6QFX1 | Dte. Bank AG (London Branch)/Saudi Basic Industried Croperation WTS v.16(2020) | 0 | 0 | 37,000 | 25.8180 | 893,272.11 | 0.71 |
| DE000DX6QFZ6 | Dte. Bank AG (London Branch)/Savola Group WTS v.16(2020) | 0 | 0 | 77,000 | 10.9944 | 791,627.75 | 0.63 |
| DE000DX6QFK8 | Dte. Bank AG/AI Rajhi Bank WTS v.16(2020) | 0 | 0 | 120,000 | 17.0235 | 1,910,253.90 | 1.53 |
| CWN5647G5604 | Merrill Lynch Capital Markets AG/Advanced Petrochemicals Co. WTS. v.16(2019) | 0 | 0 | 48,000 | 12.1117 | 543,632.41 | 0.43 |
| CWN5647G5786 | Merrill Lynch Intl & Co./Halawani Bros WTS v.16(2019) | 0 | 0 | 50,000 | 13.7936 | 644,920.66 | 0.52 |
| CWN5647L7678 | Merrill Lynch Intl. & Co./Saudi Intl Petrochemical Co. WTS v. 16(2019) | 70,000 | 0 | 70,000 | 4.7252 | 309,299.13 | 0.25 |
| | | | | | | 5,736,942.83 | 4.58 |
| Securities listed or included on organised markets | | | | | | 7,189,787.64 | 5.74 |
| Warrants | | | | | | 11,196,431.52 | 8.94 |
| Investment fund units ²⁾ | | | | | | | |
| Luxembourg | | | | | | | |
| LU0059863547 | UniReserve: USD -A- | 3,000 | 1,000 | 2,000 | 992.6100 | 1,856,386.76 | 1.48 |
| | | | | | | 1,856,386.76 | 1.48 |
| Investment fund units | | | | | | 1,856,386.76 | 1.48 |
| Certificates | | | | | | | |
| Securities listed or included on organised markets | | | | | | | |
| Saudi Arabia | | | | | | | |
| CWN5646T2748 | Merrill Lynch International & Co./Alkhaleej Training and Education Co. Zert. v.14(2017) | 0 | 0 | 80,000 | 5.0639 | 378,819.15 | 0.30 |
| CWN5647K7281 | Merrill Lynch International & Co./United International Transport Co. Ltd. Zert. v.16(2019) | 0 | 0 | 60,000 | 7.7038 | 432,230.88 | 0.35 |
| CWN5646U5110 | Merrill Lynch Intl & Co./Saudi Phar.Ind. & App. SPIMACO Zert. v. 14(2017) | 0 | 0 | 150,000 | 9.6531 | 1,353,994.20 | 1.08 |
| | | | | | | 2,165,044.23 | 1.73 |
| Securities listed or included on organised markets | | | | | | 2,165,044.23 | 1.73 |

The notes on the report form an integral part of this report.

| ISIN | Securities | Additions | Disposals | Volume | Price | Market Value | Per cent of fund assets % ¹⁾ |
|--|--|-----------|-----------|---------|---------|-----------------------|---|
| | | | | | | EUR | |
| Unquoted securities | | | | | | | |
| Saudi Arabia | | | | | | | |
| XS1288561613 | Morgan Stanley BV/Saudi Basic Industries Corporation Zert. v. 15(2017) | 0 | 0 | 103,000 | 25.8166 | 2,486,543.76 | 1.99 |
| | | | | | | 2,486,543.76 | 1.99 |
| Unquoted securities | | | | | | 2,486,543.76 | 1.99 |
| Certificates | | | | | | 4,651,587.99 | 3.72 |
| Portfolio assets | | | | | | 123,349,371.30 | 98.51 |
| Bank deposits - current account | | | | | | 1,976,748.63 | 1.58 |
| Other assets/Other liabilities | | | | | | -130,768.94 | -0.09 |
| Fund assets in EUR | | | | | | 125,195,350.99 | 100.00 |

- 1) Due to rounding differences in each position, the sum may deviate from the actual value.
- 2) Information about selling fees, redemption fees and the maximum amount of the management fee for target fund units can be obtained on application free of charge from the registered office of the management company, from the depositary and the paying agents. No management fee or a reduced one is calculated for units held of a target fund, which are managed directly or on the basis of a transfer from the same management company or from a company with to the management company is related by means of joint management or domination or significant direct or indirect interests.

Exchange rates

For the valuation of assets in a foreign currency, the following exchange rate for March 31st, 2017 was used for conversion into Euro.

| | | | |
|-----------------------------|-----|---|----------|
| British pound | GBP | 1 | 0.8550 |
| Czech koruna | CZK | 1 | 27.0080 |
| Hungarian forint | HUF | 1 | 308.6700 |
| Israeli shekel | ILS | 1 | 3.8815 |
| Kuwaiti dinar | KWD | 1 | 0.3256 |
| Omani rial | OMR | 1 | 0.4113 |
| Polish zloty | PLN | 1 | 4.2365 |
| Qatari riyal | QAR | 1 | 3.8936 |
| Russian ruble | RUB | 1 | 60.2413 |
| Turkish lira | TRY | 1 | 3.8939 |
| United Arab Emirates dirham | AED | 1 | 3.9275 |
| US dollar | USD | 1 | 1.0694 |

Purchases and sales from October 1st, 2016 to March 31st, 2017

Purchases and sales of securities, loans evidenced by promissory notes and derivatives, including changes without money movements, made during the reporting period insofar as they are not specified in the schedule of assets.

| ISIN | Securities | Additions | Disposals |
|---|--|-----------|-----------|
| Equities, rights on equities and profit-participation certificates | | | |
| Stock-exchange-traded securities | | | |
| Hungary | | | |
| HU0000073507 | Magyar Telekom Telecommunication Co. Ltd. | 100,000 | 300,000 |
| Jersey | | | |
| JE00BN574F90 | Wizz Air Holdings Plc. | 70,000 | 70,000 |
| Kuwait | | | |
| KW0EQ0701247 | Kuwait Food Co. | 0 | 90,000 |
| Poland | | | |
| PLBRE0000012 | mBank S.A. | 0 | 4,000 |
| Russia | | | |
| RU000A0JPGA0 | M.Video PJSC | 0 | 150,000 |
| US71922G2093 | PhosAgro PJSC GDR | 0 | 20,000 |
| Turkey | | | |
| TREBIMM00018 | BIM Birsleski Magazalar AS | 0 | 30,000 |
| TREDOTO00013 | Dogus Otomotiv Servis ve Ticaret AS | 0 | 160,000 |
| TRASAHOL91Q5 | Haci Omer Sabanci Holding AS | 0 | 410,000 |
| TRETHAL00019 | Tuerkiye Halk Bankasi AS | 0 | 360,000 |
| Unquoted securities | | | |
| Qatar | | | |
| XC000A2DMFL1 | Doha Bank BZR 30.03.17 | 18,000 | 18,000 |
| Warrants | | | |
| Securities listed or included on organised markets | | | |
| Saudi Arabia | | | |
| DE000DE3CKM4 | Dte. Bank AG (London Branch)/Al Tayyar Travel Group WTS v.13(2017) | 0 | 53,333 |
| CWN5646E8486 | Merrill Lynch Intl. & Co./Samba Financial Group WTS v.14(2017) | 0 | 280,006 |
| Certificates | | | |
| Securities listed or included on organised markets | | | |
| Saudi Arabia | | | |
| CWN5646E7645 | Merrill Lynch Capital Markets AG/Etiihad Etisalat Co. Zert. v.14(2017) | 0 | 30,000 |
| CWN5646C4040 | Merrill Lynch International & Co./Saudi International Petrochemical Co. Zert. v.13(2016) | 0 | 70,000 |
| CWN5646E8635 | Merrill Lynch International & Co./Saudi Telecom Co. Zert. v.14(2017) | 0 | 94,053 |
| CWN5646E8551 | Merrill Lynch International & Co./Savola Group Zert. v.14(2017) | 0 | 23,000 |
| CWN5646E7314 | Merrill Lynch Intl & Co./Almarai Co. Ltd. Zert. v.14(2017) | 0 | 39,999 |
| Futures | | | |
| PLN | | | |
| WIG20 Index Future März 2017 | | 200 | 200 |

The notes on the report form an integral part of this report.

Additional disclosures in accordance with Regulation (EU) 2015/2365 on securities financing transactions

| | Securities Lending | Repurchase Transactions | Total Return Swaps |
|---|--------------------|-------------------------|--------------------|
| Used assets | | | |
| absolute | N.A. | N.A. | N.A. |
| as a percentage of the fund's assets | N.A. | N.A. | N.A. |
| Ten largest counterparties | | | |
| 1. Name | N.A. | N.A. | N.A. |
| 1. Gross volume of open transactions | N.A. | N.A. | N.A. |
| 1. Country of residence | N.A. | N.A. | N.A. |
| Types of settlement and clearing (e.g. bilateral, trilateral, CCP) | | | |
| | N.A. | N.A. | N.A. |
| Transactions sorted by remaining term (absolute amounts) | | | |
| less than 1 day | N.A. | N.A. | N.A. |
| 1 day to 1 week (= 7 days) | N.A. | N.A. | N.A. |
| 1 week to 1 month (=30 days) | N.A. | N.A. | N.A. |
| 1 to 3 months | N.A. | N.A. | N.A. |
| 3 months to 1 year (=365 days) | N.A. | N.A. | N.A. |
| more than 1 year | N.A. | N.A. | N.A. |
| unlimited | N.A. | N.A. | N.A. |
| Type(s) and quality(ies) of the collateral received | | | |
| Types | N.A. | N.A. | N.A. |
| Qualities ¹⁾ | N.A. | N.A. | N.A. |
| Currency(ies) of the collateral received | | | |
| | N.A. | N.A. | N.A. |
| Collateral sorted by remaining term (absolute sums) | | | |
| less than 1 day | N.A. | N.A. | N.A. |
| 1 day to 1 week (= 7 days) | N.A. | N.A. | N.A. |
| 1 week to 1 month (=30 days) | N.A. | N.A. | N.A. |
| 1 to 3 months | N.A. | N.A. | N.A. |
| 3 months to 1 year (=365 days) | N.A. | N.A. | N.A. |
| more than 1 year | N.A. | N.A. | N.A. |
| unlimited | N.A. | N.A. | N.A. |
| Income share and expenses | | | |
| The fund's income share | | | |
| absolute | 733.26 | N.A. | N.A. |
| as a percentage of gross income | 48.63 % | N.A. | N.A. |
| the fund's expenses | 774.51 | N.A. | N.A. |
| of which the KVG's expenses / income | | | |
| absolute | 704.51 | N.A. | N.A. |
| as a percentage of gross income | 46.73 % | N.A. | N.A. |
| of which third-party expenses / income | | | |
| absolute | 70.00 | N.A. | N.A. |
| as a percentage of gross income | 4.64 % | N.A. | N.A. |
| Returns for the fund from reinvested cash collateral, calculated based on all securities financing transactions and total return swaps (absolute amount) | | | |
| | | | N.A. |

Securities financing transactions and Total Return Swaps

| | |
|--|------|
| Lended securities as a percentage of all the fund's lendable assets | N.A. |
|--|------|

The ten largest issuers of collateral, calculated based on all securities financing transactions and total return swaps

| | |
|---|------|
| 1. Name | N.A. |
| 1. Volume of collateral received (absolute) | N.A. |

Reinvested collateral as a percentage of received collateral, calculated based on all securities financing transactions and total return swaps

| | |
|--|---|
| | No re-invested collateral; According to the sales prospect, a reinvestment of 100% is possible for bank deposits |
|--|---|

Depository / account manager for received collateral from securities financing transactions and total return swaps

| | |
|--|---|
| Total number depositaries / account managers | 0 |
|--|---|

Type of custody for issued collateral from securities financing transactions and total return swaps

| | |
|--|------|
| As a percentage of all issued collateral from securities financing transactions and total return swaps | |
| separate accounts / securities accounts | N.A. |
| collective accounts / securities accounts | N.A. |
| other accounts / securities accounts | N.A. |
| Type of custody for certain recipients | N.A. |

1) Only securities are accepted as collateral, which can also be acquired for the fund.

Notes on the report as at the end of March 2017

The fund's accounts are kept in Euro.

The fund's semi-annual accounts were prepared based on the applicable classification and valuation principles in the country of domicile.

The price of securities and other exchange-listed derivatives reflects the relevant stock exchange or market value at the end of March 2017. Securities traded on a regulated market are valued at the market prices published for the relevant market. Investments in target funds are valued at their most recently published prices.

If the fund holds OTC derivatives on the closing date, these are valued daily on the basis of indicative quotes from brokers or mathematical valuation models.

If the fund has pending forward exchange transactions, these are valued based on the forward rates applicable to the residual maturity.

Securities whose prices are not in line with market conditions and all assets for which no representative market value can be obtained are valued at a price established by the Management Company in good faith using recognised valuation rules.

Bank deposits were estimated at par value.

Assets and liabilities denominated in a currency other than that of the fund are converted at the latest available mean rate of exchange into Euro. Transactions in foreign currencies are converted into the fund currency at the time of compiling the accounts. Realised and unrealised currency gains and losses are included as income or expenses.

The deferred interest includes accrued interest as at the end of the reporting period.

If the fund has the position interest on bonds, it also includes pro rata income from issue yields, where applicable.

The issue or redemption price of the fund units are determined from the net asset value per unit on the respective valid trading days and, if relevant, plus any initial sales charge and/or redemption fee as defined in the sales prospectus. The initial sales charge shall be levied in favour of the Management Company and the sales agent and can be scaled according to the size of the order. The redemption fee is credited to the fund.

The fees of the Management Company and the all-in fee are calculated based on the net fund assets per calendar day and paid out on a monthly basis. The all-in fee covers the depositary fee, general custody and bearing fees for holding assets in custody, auditors' fees, costs of appointing proxies and costs of principal management activities, such as fund accounting and reporting. The calculation is based on a contractual agreement.

The fund is subject to a performance-related fee which is charged by the Management Company based on the terms defined in the prospectus.

If profit and loss includes other expenses, these expenses consist of the costs referred to in the prospectus, such as government fees, collateral management fees, or cost of changes to the prospectus.

Earnings and expense adjustments have been charged to the ordinary net income. These include net income generated during the reporting period, which purchasers of units pay as part of the issue price, and sellers of units receive in the redemption price.

Fund assets are currently subject to a "taxe d'abonnement" of 0.05 % p.a. in Luxembourg, payable quarterly and based on the respective reported net fund assets at the end of the quarter. Insofar as fund assets are invested in other Luxembourg investment funds that are already subject to the taxe d'abonnement, the portion of fund assets invested in such Luxembourg investment funds is exempt from this tax.

Income from the investments of the fund's assets will not be taxed in Luxembourg. However, it may be subject to withholding or other tax in the countries in which the fund assets are invested. Neither the Management Company nor the Depositary will obtain individual or collective receipts for such taxes.

The performance of the fund's units is calculated based on the unit values published on the closing dates, according to the BVI formula. In individual cases, it may vary slightly from the performance of the units as shown in the fund report.

The Management Company, in its role as the management company of the fund, may benefit from "soft commissions" (e.g. broker research, financial analyses, market and price information systems) in connection with trade transactions. Said commissions are used in the interests of unitholders when making investment decisions. Transactions of this type cannot be conducted with natural persons; the service providers concerned may trade only in the interests of the fund and the services provided must be directly associated with fund activities.

Note on the Law of 17 December 2010

The fund was set up in accordance with Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment ("Law of 17 December 2010") and fulfils the conditions laid down by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of legal and administrative provisions relating to undertakings for collective investment in transferable securities ("Directive 2009/65/EC").

Other information

Securities transactions are only ever carried out with counterparties, which have been included in a list of approved parties by the Fund Management. The composition of this list is reviewed on an ongoing basis. Criteria such as quality of execution, level of transaction costs, quality of research and reliability in the settlement of transferable securities transactions are given precedence. Furthermore, the annual reports of the counterparties are inspected.

Management Company and Main Management Company

Union Investment Luxembourg S.A.
308, route d'Esch
L-1471 Luxembourg
Grand Duchy of Luxembourg
R.C.S.L. B 28679

Equity capital as at 31/12/2016:
Euro 162.737 million
after profit appropriation

Management body of Union Investment Luxembourg S.A.:

Board of Directors

Chairman of the Board of Directors

Hans Joachim REINKE
Chairman of the Executive Board of
Union Asset Management Holding AG
Frankfurt / Main

Deputy Chairman of the Board of Directors

Giovanni GAY
Member of the Board of Management of
Union Investment Privatfonds GmbH
Frankfurt / Main

Other Members of the Board of Directors

Björn JESCH
Member of the Management Board of
Union Investment Privatfonds GmbH
Frankfurt / Main

Nikolaus SILLEM
Member of the Management Board of
Union Investment Institutional GmbH
Frankfurt / Main

Maria LÖWENBRÜCK
Member of the Management Board of
Union Investment Luxembourg S.A.
Luxembourg

Rudolf KESSEL
Member of the Management Board of
Union Investment Luxembourg S.A.
Luxembourg

Dr. Joachim VON CORNBERG
Member of the Management Board of
Union Investment Luxembourg S.A.
Luxembourg

Bernd SCHLICHTER
Independent member of the
Board of Directors
Luxembourg

Chief Executive of Investment Luxembourg S.A.

Maria LÖWENBRÜCK
Rudolf KESSEL
Dr. Joachim VON CORNBERG

Shareholders of Union Investment Luxembourg S.A.

Union Asset Management Holding AG
Frankfurt / Main

Outsourcing of portfolio management to the following companies belonging to the Union Investment Group:

Union Investment Privatfonds GmbH
Weißfrauenstraße 7
D-60311 Frankfurt / Main

Union Investment Institutional GmbH
Weißfrauenstraße 7
D-60311 Frankfurt / Main

Auditor (Réviseur d'entreprises agréé)

Ernst & Young S.A.
35E avenue John F. Kennedy,
L-1855 Luxembourg

also the auditor of
Union Investment Luxembourg S.A.

Depositary and Main Paying Agent

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Luxembourg-Strassen

Paying and sales agent in the Grand Duchy of Luxembourg

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Luxembourg-Strassen

Paying Agents, Distributors and Information Agents in the Federal Republic of Germany

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank
Platz der Republik
D-60265 Frankfurt / Main
Registered Office: Frankfurt / Main

BBBank eG
Herrenstraße 2-10
D-76133 Karlsruhe
Registered Office: Karlsruhe

Deutsche Apotheker- und Ärztebank eG
Richard-Oskar-Mattern-Str. 6
D-40547 Düsseldorf
Registered Office: Düsseldorf

Further Distributors in the Federal Republic of Germany

Banks affiliated to the abovementioned banks and cooperative central banks are additional distributors in the Federal Republic of Germany.

Paying Agent and Distributor in Austria

VOLKSBANK WIEN AG
Kolingasse 14-16
A-1090 Vienna

Union Investment Luxembourg S.A.
308, route d'Esch
L-1471 Luxembourg
service@union-investment.com
privatkunden.union-investment.de